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INFO RUEKJCS/SECDEF WASHDC PRIORITY

RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY

RUEAWJA/USDOJ WASHDC PRIORITY

RULSDMK/USDOT WASHDC PRIORITY

RUCPDOC/USDOC WASHDC PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC//J5//

RHHMUNA/HQ USPACOM HONOLULU HI

RHHMHBA/COMPACFLT PEARL HARBOR HI

RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//

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RUEHBJ/AMEMBASSY BEIJING 4931

RUEHUL/AMEMBASSY SEOUL 0921

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SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 08/15/08

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ARTICLES:

- (1) Poll: Popularity rating for premiership

YOMIURI (Page 2) (Full)

August 15, 2008

Questions & Answers  
(Figures shown in percentage)

Q: Who do you think is most appropriate for prime minister among those currently seated in the Diet? Pick only one from among those listed below.

Taro Aso 24.7

Shinzo Abe 1.6

Nobuteru Ishihara 0.9

Akihiro Ota 0.3  
Katsuya Okada 2.8  
Ichiro Ozawa 9.6  
Naoto Kan 3.4  
Yuriko Koike 1.0  
Junichiro Koizumi 13.0  
Sadakazu Tanigaki 1.3  
Shoichi Nakagawa 0.3  
Hidenao Nakagawa 0.4  
Fukushiro Nukaga ---  
Seiko Noda 0.5  
Yoshihiko Noda 0.1  
Yukio Hatoyama 1.2  
Yasuo Fukuda 3.4  
Seiji Maehara 1.1  
Yoichi Masuzoe 3.4  
Nobutaka Machimura 0.7  
Kaoru Yosano 0.4  
Others 0.3  
None 24.7  
No answer 5.1

Polling methodology

Date of survey: Aug. 9-10.

Subjects of survey: 3,000 persons chosen from among all eligible voters throughout the country (at 250 locations on a stratified two-stage random sampling basis).

Method of implementation: Door-to-door visits for face-to-face interviews.

Number of valid respondents: 1,788 persons (59.6 PERCENT ).

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(2) Uruma city demands halt to port calls by US nuclear submarines

OKINAWA TIMES (Page 2)

August 15, 2008

With regard to the issue in which the US Navy's 6,082-ton Los Angeles-class nuclear submarine USS Houston had leaked coolant water containing radioactive substances for about two years, Tsuneo Chinen, mayor of Uruma City, sent letters to related Japanese and US government agencies, the Okinawa Prefectural Government (OPG), and the Okinawa Prefectural Assembly, lodging protest and petitioning suspension of port calls by nuclear submarines and immediate disclosure of results of inspections of all submarines dating back to two years in the past.

Chinen said: "Distrust of and anger against the US military have grown stronger. (The US military's) poor safety management system has been exposed." He protested the fact that there have been 27 port calls so far this year, already breaking the annual number of port calls. Chinen complained, "We have lodged complaints in the past demanding that (submarines) not call port, but the number of port calls have sharply increased instead."

In addition, he made a strong demand, saying, "From the standpoint of protecting the lives, property, human rights, and peaceful livelihood of the citizens, we sternly protest the coolant leak and continue to strongly demand suspension of future port calls."

The letters were sent to 16 addressees, with the main addressees including the US defense secretary; the US ambassador to Japan; the commander of the US Forces, Japan; the Japanese prime minister; the Japanese foreign minister; the Japanese defense minister; the speaker of the Lower House; and the president of the Upper House. Meanwhile, the Los Angeles-class nuclear submarine USS Columbus, which called port in Okinawa for the first time since the leakage of coolant containing radioactive substances came to light, remains docked at White Beach as of August 14. The OPG's Military Base Affairs Section announced the results of a radiological investigation conducted by a task force on Okinawa affairs under the Ministry of Education, Culture, Sports, Science, and Technology, saying, "The values were normal."

(3) Most analysts predict economy to revive in second half of next

year

NIKKEI (Page 3) (Full)

August 14, 2008

Preliminary data on Japan's gross domestic product (GDP) for the April-June quarter released on August 13 by the Cabinet Office showed that the GDP fell 0.6 PERCENT in real terms -- in which the effects of price fluctuations are not taken into account -- from the previous quarter. The figure amounts to an annualized decline of 2.4 PERCENT. This means that the economy shrank for the first time in four quarters as exports weakened and consumption sank amid soaring prices of food and other ordinary products. A view has begun to prevail among economists that sluggish growth will continue in the July-September quarter and that full-fledged economic recovery will take place in the latter half of 2009.

All major economic indicators fell in the April-June quarter.

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Exports, which supported the longest postwar economic recovery that started in 2002, fell by 2.3 PERCENT from the previous quarter, the first negative growth since the January-March quarter of 2005. The US economy grew 1.9 PERCENT in real terms from the previous quarter, far below the potential growth rate. Taro Saito of NLI Research Institute said, "European economies are also clearly slowing down." As a result, Japanese exports to Europe and the United States did not perform well.

Consumer spending, which has been holding steady, marked negative growth for the first time in seven quarters, partly in reaction to the increase in the January-March quarter due to the additional day of this leap year. However, the fall in workers' income also had a significant effect. Nominal employee compensation, which is calculated by multiplying the nominal wage by the number of employees, fell by 0.2 PERCENT from the previous quarter, the first decrease in five quarters. In addition to the fall in compensation, bonus payments in June also fell below last year's level, causing consumers to withhold spending.

Sluggish growth also forecast for July-September quarter

Asked what they think will happen to growth in real terms in the July-September quarter, 10 economists came up with forecasts averaging an annualized 0.7 PERCENT increase over the previous quarter, with two of them predicting that the economy will contract for two consecutive quarters. The economists' full-year growth forecasts averaged 0.7 PERCENT, which is lower than the 1.3 PERCENT projected by the Cabinet Office in July. This is because the prevailing view is that consumer confidence is expected to continue falling in the future and a severe situation will continue with regard to Japanese exports to industrialized nations, as the outlook of the US economy remains uncertain.

However, exports to Asia and the Middle East still remain strong. The IMF predicts that the growth rate of emerging economies will remain high at 6.9 PERCENT in 2008. Although there remains the risk of a post-Olympics slowdown in China, Japanese exports to developing countries are expected to prop up the nation's exports in general, helping Japan avoid a major downturn in its economic growth rate.

All 10 economists predicted that the Japanese economy will recover after 2009. Seven of them predicted that the economy will rebound after the second half of 2009. The government, for all practical purposes, admitted last week in its monthly economic report for August that the Japanese economy has entered a recession. At this stage, the prevailing view was that the economy would "recover in the first half of 2009."

Seven economists say pump-priming measures "unnecessary"

All 10 economists cited "stability of crude oil prices" and "recovery of the global economy centering on the United States" as conditions necessary for Japan's economic recovery. The rise in crude oil prices squeezes corporate profits and weakens consumers'

purchasing power by raising commodity prices. However, Kiichi Murashima of Nikko Citigroup Ltd. predicted that oil will remain around 110 dollars a barrel, with many others holding a similar view.

Seven of the economists said that the package of economic stimulus

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measures that the government plans to compile at the end of August is "unnecessary." The prevailing view among the economists is that the demand-creating measures strongly requested by the ruling parties are unlikely to have a dramatic effect. Even those who replied that the measures are "necessary," are calling for measures that will lead to structural reform, such as corporate tax cuts and deregulation. Takahide Kiuchi, senior economist at Nomura Securities Financial and Economic Research Center, said, "Priority should be given to measures that will increase Japan's potential growth rate from a medium to long term perspective."

Seven of the economists predicted the domestic economy will rebound in the second half of 2009. An easing of crude oil prices and a global economic recovery led by the U.S. were cited as necessary conditions. But Kiichi Murashima of Nikko Citigroup Ltd. predicted oil will remain around 110 dollars a barrel, with many others holding a similar view.

(4) Numerical conversion of economic openness to be worked out by end of this fiscal year for comparison with other countries

NIKKEI (Page 2) (Full)  
August 15, 2008

The government will introduce an economic openness index system showing in figures to what extent the Japanese economy is keeping pace with globalization. It will work out such an index, based on the track records of the number of foreign students Japan has accepted and direct foreign investment in Japan. It will also work out such indexes for the U.S., European countries and Asian neighbors, based on similar data to allow objective comparison with other countries.

In order for Japan to continue economic growth in the face of the declining birthrate and the aging society, it is absolutely necessary for Japan to have human resources and investment from abroad. Its aim is, therefore, supporting efforts to open the Japanese economy, by ferreting out challenges facing Japan, whose globalization is lagging behind Europe and the U.S.

Such an index will be worked out, based on the number of foreign visitors to Japan, the situation as to Japanese companies doing business overseas, and the degree of trade liberalization.

To be precise, the government is considering using such data as how many foreign students Japan has accepted per a population of 10,000, the number of foreign tourists to Japan, the comparison of direct foreign investment in Japan with gross domestic product, and the proportion of foreign companies to companies listed on stock exchanges. It is also considering utilizing the share of trade amounts with EPA (economic partnership agreement) partners in the entire trade amount.

Japan is way behind the U.S. and Europe in these areas. For instance, the per capita number of foreign tourists to Japan is about one-ninth of that of Britain. The proportion of foreign companies to companies listed on stock exchanges is only one-twentieth of that of Britain.

Regarding areas that are especially lagging behind, the government intends to urge concerned government agencies to boost efforts to open the market, by setting numerical targets. It also plans to

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confirm whether this measure is producing results, by releasing such an index on a regular basis.

(5) TOP HEADLINES

Asahi: Mainichi: Yomiuri: Tokyo Shimbun: Akahata:  
Japanese gymnast Uchimura takes silver medal in men's all-around

Nikkei:  
European, Japanese, U.S. economies in slowdown

Sankei:  
China winning more medals than anticipated

(6) EDITORIALS

Asahi:  
(1) Summer marking 63rd anniversary of the war's end; Beyond  
"dislike for Japan" and "dislike for China"

Mainichi:  
(1) Anniversary of the end of World War II: Japan urged to engage in  
international cooperation in its own way, emerging from  
inward-looking stance

Yomiuri:  
(1) We want to make August 15 day for quiet memorial day

Nikkei:  
(1) Who will hand down the preciousness of peace to the next  
generation?  
(2) Implementing agreement of ceasefire indispensable

Sankei:  
(1) August 15: We want to make sure ties between Japan and the U.S.

Tokyo Shimbun:  
(1) August 15: Thoughts on the day of the anniversary of the end of  
World War; Return to humanism

Akahata:  
(1) Create era when the resolve to pursue peace holds good  
(7) Prime Minister's schedule, Aug. 14

NIKKEI (Page 2) (Full)  
August 15, 2008

11:58  
Met with METI Minister Nikai and Vice METI Minister Mochizuki at his  
official residence.

14:01  
Met with Consumer Administration Minister Noda and Cabinet Office  
Director General Fujita.

18:25  
Met with Finance Minister Yosano.

SCHIEFFER